



NATIONAL ASSOCIATION OF CANNABIS BUSINESSES

Vermont Social Equity Sub-Committee

Discussion Guide for
Week of 09/20/21



SOCIAL EQUITY

SUB-COMMITTEE

- NACB
 - Gina Kranwinkel
 - Geoffrey Gallegos
 - Deneka Scott
 - CCBAC
 - Nader Hashim
 - Ashley Reynolds
 - TJ Donovan
-
- State of VT (*in consultation*)
 - Xusana Davis, Executive Director of Racial Equity, Diversity
 - Lindsay Kurrle, Secretary – Agency of Commerce and Community Development

- Program Design (*stakeholder engagement plan*)
- Applicant Program Design & Execution
- Ongoing program administration including transferability of Social Equity licenses

MILESTONES

- **OCTOBER 1, 2021**
 - Plan for reducing or eliminating fees for SE applicants
- **OCTOBER 15, 2021**
 - Develop criteria for SE applicants for the purpose of obtaining social equity loans and grants from the Cannabis Business Development Fund
- **NOVEMBER 2021**
 - Meet with the relevant subcommittees of the Advisory Committee and stakeholders to assist in the design of a social equity program

AGENDA

- Call to Order
- Summary of Public Comments received electronically
- Approval of Minutes
- Social Equity Candidate Criteria (residency requirements) & VOTE
- Licensing fee initiatives of “reducing or eliminating licensing fees” & VOTE
- Benefits for SE applicants
- Special Licensing for SE applicants
- Public Comments (in person)

No electronic public comments received at this time.

Submit Public Comments to:
<https://ccb.vermont.gov/form/publicinputform>

Approval of meeting minutes

AGENDA Item 1: Criteria

Defining Social Equity criteria for Vermont

How to define Social Equity Candidate

- **“Social equity applicant” means an applicant that meets at least one of the following criteria:**

1. Lives in an Opportunity Zone
2. Member of BIPOC/minority race/ethnicity
3. Convicted of cannabis-related offense

3A. Have personally been arrested, convicted or incarcerated for a cannabis offense (misdemeanor or felony)

OR

3B. Are a member of an impacted family

AND

Must have lived in VT for one year before submitting application

RESIDENCY REQUIREMENTS IN OTHER STATES

- **CO**
 - lived in a designated opportunity zone for at least 15 years between 1980 and 2010
- **IL**
 - Have lived in a Disproportionately Impacted Area in 5 of the past 10 years
- **MA**
 - Resided in an area of disproportionate impact for at least 5 of the past 10 years
 - drug conviction, residents at least the preceding 12 months
- **MI**
 - Residency required for DIA for reduced licensing fee at least 5 of the past 10 years 25% deduction

Residency requirement could possibly have interstate commerce issue

“Impacted family”

- Relationship to the impacted individual:
 - Parent
 - Legal guardian
 - Sibling
 - Spouse
 - Child
 - Minor in their guardianship
 - Grandparent/Grandchild

SUPPORTING DOCUMENTS FOR SOCIAL EQUITY CANDIDATES

- Proof of conviction-court documents, probation documents or Department of correction documents (*can be achieved by requesting one from the courts*)
- (Q: How can one get proof of conviction if files are expunged)
- Proof of residency:
 - (A) a Vermont driver's license OR Vermont Identification Card OR Vermont Disability Identification Card
 - (B) a voter registration card;
 - (C) signed lease agreement that includes the applicant's name OR a property deed that includes the applicant's name
 - (D) a voter registration card;
 - (E) a paycheck stub;
 - (F) School district requirements
 - (G) Bank Statement
 - (H) Recent tax return
 - (I) Notarized affidavit from lease holding roommate

AGENDA Item 2: Fees

Consider licensing fee initiatives of “reducing or eliminating licensing fees”

City of Denver, CO – Exclusivity/ Discounted Fees for SE

Delivery Program

- Only Social Equity Candidates until July, 2024
- City License fee: \$2,000.00

All Other Licenses

- Restricted to Social Equity Applicants until July, 2027
- City License Fee (depending on type): 50% off all retail & medical licenses
- Application Fee is waived

ILLINIOS – Discounted Fees for SE

Social Equity Applicants get a 50% discount.

- Application Fee
- Licensing Fee

Example: Adult Use Dispensing Organization

- Non-SE Applicant
 - Application Fee: \$5,000.00
 - Two-Year License Fee: \$60,000.00
- SE Applicant
 - Application Fee: \$2,500.00
 - Two-Year License Fee: \$30,000.00

MASSACHUSETTS – Discounted Fees for SE

- Waived application fees (this waiver does not include the costs associated with background checks);
- A 50% reduction of annual license fees, regardless of license type.

MICHIGAN – Discounted Fees for SE

Discounts for application and license fees go up to 75%, with criteria as follows:

- 25% fee reduction: If the applicant has resided in a disproportionately impacted community for at least 5 cumulative years within the past 10 years.
- 10% fee reduction: If the applicant was a registered primary caregiver under the Michigan Medical Marihuana Act for at least two years between 2008 and 2017.
- Conviction due to a cannabis-related offense- Misdemeanor convictions: 25% fee reduction; Felony convictions: 40% fee reduction.
- Effective June 1, 2020, applicants/licensees who qualify for the maximum fee reduction will receive a 75% reduction in their application and annual licensing fees.

VERMONT– RECOMMENDATIONS

Eliminating/Discounted Fees for SE

- Applications fees should be waived
- Reduced license fees

Recommendation 1	Recommendation 2	ANY OTHER RECOMMENDATIONS
First year: waived Second year: 25% of fee Third year: 50% of fee Fourth year: 75% of fee Fifth year: Full price	First year: 50% of fee Second year: 60% of fee Third year: 70% off Fourth year: 80% of fee Fifth year: Full price	First year: waived Second year: 50% of fee Third year: ? Fourth year: ? Fifth year: Full price

Social Equity License Transfer

Transfer to another Social Equity License is permitted, however, the new SE licensee must take over the previous owner's fee schedule.

- Ex. 3rd year transfer – 3rd year fee applies
- Transfer to a non-SE Licensee, within 5 years, new licensee will need to repay any cost savings the company received to the social equity program.
- After 5 years, transfer of ownership is allowed without penalty.

City of Denver, CO – Social Equity Benefits

Delivery Program

- Only Social Equity Candidates until July, 2024

All Other Licenses

- Restricted to Social Equity Applicants until July, 2027

Technical, compliance, and capital assistance

ILLINIOS – Social Equity Benefits

Licensing preference

Receive training and technical assistance in the following areas:

- business plans
- applying for cannabis licenses

Access to low-interest loans

MASSACHUSETTS – Social Equity Benefits

Delivery-Only & Social Consumption

- Only Social Equity Candidates until 2024

Licensing preference

Receive training and technical assistance in the following areas:

- Management, recruitment, and employee training
- Accounting and sales forecasting
- Tax preparation and compliance
- Legal compliance
- Business plan creation and operational development
- Marijuana industry best practices
- Assistance with identifying or raising funds or capital.

Access to low-interest loans

MICHIGAN – Social Equity Benefits

Licensing preference

Receive technical assistance - online workshops

Joint Ventures Pathway Program (JVPP): to connect SE with companies willingly to provide like to Mentorships, Incubator programs, Employment

Social Equity Benefits

Any social equity candidate (cannabis industry employee or licensee holder) are eligible for SE benefits.

- **Priority licensing and processing**
- **Educational Courses: Cannabis Certificates**
- **Receive training and technical assistance (workshops) in the following areas:**
 - Application assistance
 - Business plan creation and operational development
 - Tax and legal compliance
 - Cannabis industry best practices

Access to low-interest loans

Exclusive Licenses: Co-op & Delivery Service

Exclusive Licenses

Cooperative License (Co-op)

Delivery License

- Exclusive to Social Equity candidate

-Time Limit of Exclusivity ???

DELIVERY LICENSE

- Courier Service for dispensaries
- Delivery to customers
- Must have reliable vehicle car with alarm system, GPS tracking device, a way of locking cannabis.

CO-OP LICENSE – Why?

Reasons for consideration:

- Funding in the Cannabis Business Development Fund is limited
 - \$500,000 allocation
 - Possible funds but not definite: additional \$50,000 from each Integrated Licensee
- Dividing the loans/grants between licensees could result in two adverse results:
 - Small loans for applicants
 - Large loans for very few applicants
- Cannabis business is expensive to maintain
- Don't want to set Social Equity Applicant up for failure.
- Working together united is stronger

CO-OP LICENSE - Approaches

Different approach to share resources:

- Property
 - Pool resources from what would otherwise be small loans
 - VT Cannabis Control Board lease/purchase land and equipment for SE candidates to work together
 - SE candidates pay small monthly rent to support program.
 - Cultivate, process, and sell cannabis from the licensed premises (works well with the farm to consumer license)

Public Comments

In-Person Public Comments

Provide written Public Comments

<https://ccb.vermont.gov/form/publicinputform>

Materials to Read

- **NACB Comparison of State Cannabis Social Equity Provisions Chart**

https://uploads-ssl.webflow.com/5d08f10495e8370c8381a6df/61000bbc6c7acf7a38554211_NACB_SocialEquityChart%20Word%20Updated%207.21.pdf